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UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA

In re:) Case No. 16-15388-MKN
)
Superior Linen, LLC,) Chapter 7
)
Debtor.)
_____)

**STIPULATION REGARDING PAYMENT OF INSURANCE
PROCEEDS DIRECTLY TO RD VII INVESTMENTS, LLC**

RD VII Investments, LLC (“**RD VII**”), by and through its counsel, Samuel A. Schwartz, Esq. of Brownstein Hyatt Farber Shreck, LLP, and Shelley D. Krohn, Chapter 7 Trustee of the above-styled bankruptcy case (the “**Trustee**”), by and through her counsel Jeanette E. McPherson, Esq. of Schwartz & McPherson Law Firm, hereby file this Stipulation Regarding Payment of Insurance Proceeds Directly to RD VII Investments, LLC (the “**Stipulation**”):

RECITALS

1. Superior Linen, LLC, (the “**Debtor**”) filed for relief under Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (as amended, the “**Bankruptcy Code**”) on September 30, 2016.

2. On December 16, 2016, the Bankruptcy Court approved the Debtor’s Motion

1 for an Order: (i) Authorizing Superpriority Post-Petition Financing; (ii) Granting Liens And
 2 Providing Superpriority Administrative Expense Claims; (iii) Approving Loan Documents
 3 Relating To The Foregoing; (iv) Granting Relief From The Automatic Stay; and (v) Granting
 4 Other Related Relief in accordance with Section 364 of the Bankruptcy Code (each a “**Motion**
 5 **to Obtain Credit**”). See Docket No. 150.
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 8 3. On February 3, 2017, the Bankruptcy approved the Debtor’s second Motion
 9 for Authority to Obtain Credit. See Docket No. 261.

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 11 4. On March 30, 2017, the Bankruptcy Court approved the Debtor’s third and
 12 final Motion for Authority to Obtain Credit. See Docket No. 401.

13
 14 5. Pursuant to this Court’s final order granting the Motions to Obtain Credit, RD
 15 VII was granted a “super priority priming lien claim in the Debtor’s bankruptcy case in the
 16 amount of any outstanding principal, interest and fees in respect of the Loan having priority
 17 over all administrative expenses of the kind specified in sections 105, 326, 328, 330, 331,
 18 503(b), 506(c), 507(a), 507(b), 546(c) and 726 of the Bankruptcy Code” See the Final
 19 Order Granting Debtor’s Third Emergency Motion for an Order (i) Authorizing Superpriority
 20 Post-Petition Financing; (ii) Granting Liens And Providing Superpriority Administrative
 21 Expense Claims; (iii) Approving Loan Documents Relating To The Foregoing; (iv) Granting
 22 Relief From The Automatic Stay; and (v) Granting Other Related Relief, Docket No. 401, para.
 23 3 (the “**Final Order**”).
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 28 6. As of the date of this Stipulation, RD VII submits it is owed in excess of
 29 \$670,000.00 of post-petition financing issued in connection with the Motions to Obtain
 30 Credit and the Final Order, which amount does not include interest, legal fees or costs.

31
 32 7. Prior to and during the bankruptcy case, the Debtor held a commercial

1 property insurance policy that included coverage for business interruption (the “**Policy**”)
2 with Liberty Mutual Insurance (“**Liberty Mutual**”).

3
4 8. During the bankruptcy case, the Debtor incurred certain business interruption
5 due to the failure of a boiler, which interruption was covered, at least in part, by the Policy.
6 During the bankruptcy case, Liberty Mutual provided the Debtor with a replacement for the
7 failed boiler and covered the costs of the associated with the replacement. Liberty Mutual
8 now agrees that as of today’s date, \$361,014.36 of the Debtor’s lost profits is covered by the
9 Policy.
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11
12 9. On August 21, 2017, this case was converted from one under Chapter 11 to
13 one under Chapter 7.

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15 10. Shelley D. Krohn is the duly appointed and acting Chapter 7 Trustee.

16
17 11. Based on this Court’s Final Order approving the Motions to Obtain Credit, the
18 Trustee and RD VII agree any remaining proceeds paid from the Policy are the collateral of
19 RD VII. Accordingly, through this Stipulation, the Trustee and RD VII agree any moneys
20 paid by Liberty Mutual pursuant to the Policy may be paid directly to RD VII.

21
22 **AGREEMENT**

23 NOW, THEREFORE, in consideration of the foregoing, RD VII and the Trustee
24 stipulate and agree as follows:

25
26 12. The foregoing Recitals are true and correct.

27
28 13. On or about November 8, 2018, Liberty Mutual agreed it owed \$361,014.36
29 under the Policy and is prepared to pay the same immediately.

30
31 14. The Trustee agrees RD VII has a first priority lien in the proceeds of the
32 Policy, among other claims.

1 15. Accordingly, the Trustee agrees that the balance of the Liberty Mutual
2 proceeds may be paid directly to RD VII.

3 Date: December 11, 2018

 Date: December 11, 2018

4 /s/ Samuel A. Schwartz

/s/ Jeannette E. McPherson

5 Samuel A. Schwartz, Esq.

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